

**FIRST AMENDMENT TO AMENDED AND RESTATED TRACE PUBLIC  
IMPROVEMENT DISTRICT FINANCING AGREEMENT**

This FIRST AMENDMENT TO AMENDED AND RESTATED TRACE PUBLIC IMPROVEMENT DISTRICT FINANCING AGREEMENT (this "First Amendment") is made effective the \_\_\_\_ day of January, 2019 (the "Effective Date"), by and between Highpointe Trace, LLC, a California limited liability company (including its designated successors and assigns, the "Developer"), and the City of San Marcos, Texas (the "City"), a municipal corporation, acting by and through its duly authorized representative (each individually referred to as a "Party" and collectively as the "Parties").

**RECITALS**

A. The City and Developer are parties to that certain Amended and Restated Trace Public Improvement District Finance Agreement dated effective September 18, 2018 (as amended, the "Agreement").

B. WHEREAS, the Developer and the City desire to amend the Agreement in accordance with the terms and conditions set forth below.

C. Any capitalized terms used in these Recitals and not otherwise defined above shall have the meanings given to them in the Agreement.

NOW, THEREFORE, Developer and City hereby agree as follows:

1. Section 2.06 of the Agreement is hereby deleted in its entirety and replaced with the following:

“(a) If prior to the earlier of (i) the date of issuance of the Additional Major Improvement PID Bonds or (ii) August 31, 2022 (the “Early Prepayment Date”), prepayments of Special Assessments do not equal an aggregate amount not to exceed \$2,600,000.00 (the “Early Prepayment Amount”), the City shall reduce the outstanding Special Assessments on the District by \$2,600,000.00, less any prepayments received as of the Early Prepayment Date, for all assessed properties within the District on a pro rata basis based on the amount of outstanding Special Assessments.

(b) The payment of the Early Prepayment Amount which results in a direct reimbursement to the Owner shall not count against any cap on the maximum net PID Bond proceeds as described in Section 5.01(b) of this Agreement.

(c) Prior to the distribution of any Preliminary Offering Statement/Preliminary Limited Offering Memorandum for the Initial Major Improvement PID Bonds, the Owner shall pay \$830,500.00 in Annual Installments that were not billed on January 31, 2018.”

2. Section 5.01(b) of the Agreement is hereby deleted in its entirety and replaced with the following:

"(b) The aggregate principal amount of Major Improvement PID Bonds required to be issued hereunder shall not exceed an amount sufficient to fund: (i) the Actual Costs of the Public Improvements, (ii) required reserves and capitalized interest of not more than 12 months after the completion of construction of the applicable Public Improvements funded by the PID Bond issue in question and in no event for a period greater than 12 months from the date of the initial delivery of the applicable PID Bonds and (iii) Bond Issuance Costs. Provided, however that to the extent the law(s) which limit the period of capitalized interest to 12 months after completion of construction change, the foregoing limitation may be adjusted to reflect the law(s) in effect at the time of future PID Bond issuances. In no event, however, will the aggregate principal amount of the Major Improvement PID Bonds exceed \$19,500,000.00 and the maximum net reimbursement shall not exceed \$15,500,000.00, plus the Early Prepayment Amount."

3. Section References. Unless expressly stated otherwise, any and all references to sections or other enumerated provisions in this First Amendment shall refer to the corresponding sections or provisions in the Agreement.
4. Ratification; Entire Agreement. The Agreement, as amended by this First Amendment, is hereby ratified and affirmed and continues in full force and effect. In the event of any conflict between the terms of this First Amendment and the terms of the Agreement, the terms of this First Amendment control.
5. Counterparts. This First Amendment may be executed in any number of counterparts with the same effect as if all signatory Parties had signed the same document. All counterparts will be construed together and will constitute one and the same instrument.

WITNESS WHEREOF, City and Developer have executed this First Amendment through their duly authorized representatives to be effective as of the Effective Date.

**[Signature pages to follow]**

CITY OF SAN MARCOS, TEXAS

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

[CITY SIGNATURE PAGE]

**HIGHPOINTE TRACE, LLC**, a California  
limited liability company

By: Highpointe Posey, L.P.  
a California limited partnership  
its Managing Member

By: Highpointe Investments, Inc.  
a California corporation  
its General Partner

By: \_\_\_\_\_  
Timothy D. England, SVP

[OWNER SIGNATURE PAGE]